

Secure Balanced Fund

Quarterly Report, Q1 2023
Issue 39



March Net Asset Value:	\$10.1975
Assets:	\$131.5M
Inception:	Nov-12

PERFORMANCE

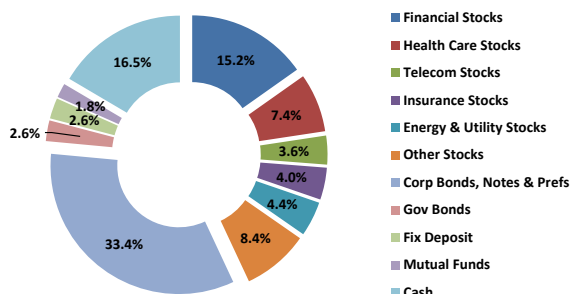
	Fund	Benchmark*
1 Month	-0.48%	-7.87%
3 Month	0.20%	-8.75%
1Yr	8.27%	7.53%
3Yr	8.63%	4.61%
5yr	6.94%	4.35%

*Blended Index: 60% current Bahamas Prime Rate and 40% BISX All Share Index

INVESTMENT EXPOSURE

CORP. BONDS, NOTES & PREFS.	33.4%
CASH	16.5%
FINANCIAL STOCKS	15.2%
HEALTH CARE STOCKS	7.4%
ENERGY & UTILITY STOCKS	4.4%

ALLOCATION



The Secure Balanced Fund is a sub fund of the Bahamas Opportunities umbrella investment fund, which began in November 2012. Performance shown is for Series 1, or retail, shares, which may differ from other Series offered in the fund. The asset allocation shown is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

Disciplined Investing is Key

In Q1 2023 the Fund was flat at 0.20%, but outperformed the benchmark by 8.95%. Over the last year the Fund returned 8.27% vs 7.53% for the benchmark. Over the last 5 years, the Fund has averaged 6.94% per annum versus 4.35% for the benchmark.

Currently 43.0% of the Fund's portfolio is invested in equities, with 40.4% in fixed income and 16.5% in cash. The target allocation is 40% equities and 60% fixed income, so the fund is effectively in line with the target. The Fund has benefited from strong net subscription levels, which explains the excess cash balance.

While excess cash is a drag on performance in the short-term, it represents a war chest for invest opportunities that arise. There are a number of deals coming to market in 2023 and, subject to RF Investment Committee review and approval, the Fund should be able to invest most of the excess cash.

The equity stars in Q1 were Bahamas First Holdings, Consolidated Water, Commonwealth Brewery, and FINCO which increased by 12.55%, 11.15%, 10.54%, and 10.00%, respectively. The equity detractors in Q1 were CIBC, AML Foods, and Bank of The Bahamas which declined by 33.40%, 11.94%, and 8.28%, respectively.

The recovery of the local economy continued in Q1 supported by the strong recovery in tourism arrivals. Granted, based on forecasts from the IMF and Bloomberg, U.S. GDP growth is expected to slow to around 2% in 2024. Bahamian GDP forecasts also call for 2% growth in 2024. This means our focus will be on companies trading at reasonable multiples and paying stable dividends.